

**MINUTES OF MEETING
HERITAGE PINES
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Heritage Pines Community Development District's Board of Supervisors was held on **Tuesday, June 10, 2014 at 2:00 p.m.**, in the **Heritage Pines Country Club Meeting Room, 11524 Scenic Hills Boulevard, Hudson, Florida 34667.**

Present at the meeting were:

Gilbert Herr	Chair
Raymond Russell	Vice Chair
Herbert Elliott	Assistant Secretary
Jack Nelson	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Kurt Heath	District Engineer
Jonathan Hartness (<i>via telephone</i>)	Carr, Riggs & Ingram, LLC
Randy Doolittle	Resident
Bart Kutchoff	Long Range Planning Committee
Sarah Brundage	Resident
Other Residents	

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 2:00 p.m., and noted, for the record, that Supervisors Herr, Russell, Elliott and Nelson were present, in person. Supervisor Zimmerman was not present.

SECOND ORDER OF BUSINESS

Public Comments [3 minutes per person]

Mr. Randy Doolittle, a resident, recalled that he transmitted an email to Mr. Russell, the prior week, regarding erosion along a cement wall behind resident homes. Mr. Russell clarified that the wall is located on Scenic Drive and indicated that he turned the project over to Gary, three weeks ago; he suggested that Mr. Doolittle follow up with Gary.

Mr. Doolittle reported that, during an ad hoc committee meeting, discussion ensued regarding "cross contamination of grasses" during mowing. Mr. Russell confirmed that the

District has its own mowing equipment. Mr. Doolittle noted that the District’s equipment is used to mow retention areas that contain weeds and other invasive plants, and there is no assurance that the District’s equipment is used exclusively on District property. Mr. Doolittle conveyed that a suggestion was made to paint the District’s mowing equipment to ensure that it is not utilized on the fairway.

Mr. Russell stated that he discussed this situation with Mr. Tommy Land, multiple times. Mr. Land assured Mr. Russell, repeatedly, that the District’s equipment is only used on District property; however, Mr. Russell concurred with Mr. Doolittle’s statement and noted that several Board Members observed the District’s equipment on the golf course.

Mr. Doolittle stressed that there should be an indentifying process in place, either by paint color, flag or decal; so that the equipment stands out if it is observed on the fairway.

THIRD ORDER OF BUSINESS

Presentation of Audited Financial Statements for Fiscal Year Ended September 30, 2013, Prepared by Carr, Riggs & Ingram, LLC

Mr. Jonathan Hartness, of Carr, Riggs & Ingram, LLC, presented the audited financial statements for the Fiscal Year ended September 30, 2013.

Mr. Hartness referred to the “Auditor’s Report”, on Pages 1 and 2, and noted that the format was revised per changes in the auditing standards. He noted that it is a clean, unmodified opinion; the financial statements are fairly stated. There were no audit adjustments.

Mr. Hartness reported that Heritage Pines CDD is a mature District, collecting operation and maintenance (O&M) and debt service assessments to pay down the debt and all other obligations.

On Page 19, Note 5, Mr. Hartness indicated that the District obtained a mortgage to purchase a parcel of land, adjacent to the District. The purchase price was approximately \$388,000 and the mortgage was \$375,000. Mr. Hartness noted that the mortgage payment schedule was included on Page 21.

Mr. Hartness conveyed that the purchase and mortgage are the only major changes from the prior year’s report and the remaining activities were “business as usual”.

Mr. Hartness noted the “Change in Accounting Principles”, reflected in Note 9, does not affect the District’s operations.

Mr. Hartness indicated that the “Report on Internal Control Over Financial Reporting and On Other Matters”, on Pages 24 and 25, and the “Management Letter”, on Pages 26 and 27, are required to accompany the financial statements. He noted that there were no findings to report.

Mr. Hartness summarized that the audit reflects a clean opinion and there were no audit adjustments.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2014-2, Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2013

Mr. Adams presented Resolution 2014-2 for the Board’s consideration.

On MOTION by Mr. Nelson and seconded by Mr. Russell, with all in favor, Resolution 2014-2 Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2013, was adopted.

****Mr. Hartness left the meeting.****

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2014-3, Approving the District’s Proposed Budgets for Fiscal Year 2014/2015 and Setting a Public Hearing Thereon Pursuant to Florida Law

Mr. Adams presented Resolution 2014-3 for the Board’s consideration. He stated that, by June 15, each year, the District is required to approve a proposed budget for transmittal to the local municipality and to set the public hearing, to occur no less than 60 days from today’s date. He noted that the public hearing is scheduled for September 9, during the Regular Meeting, at 2:00 p.m., at this location. The proposed budget can be revised up to the public hearing.

Mr. Adams indicated that the proposed budget is affixed to the resolution as Exhibit A. He noted that the District’s proposed budget is relatively “status quo”, year over year.

On Page 1, Mr. Adams highlighted that the overall “Revenues” are anticipated to increase by approximately \$30,000. Under “Professional & administrative”, he noted that the payment for the “Principal (FY2012 land purch)” is made on February 1 of each year. The “Interest (FY

2012 land purchase)” decreases by approximately \$4,000 each year; interest payments decrease as the principal payments are made. Mr. Adams indicated that “Principal & interest (effluent project)” is the \$72,000 repayment, against the anticipated loan, to offset the District’s portion of the effluent program.

Mr. Adams indicated that the cost for the “Retention pond mowing/weed control/irr.” is anticipated to be \$57,368, through September 30, 2014. He recalled that the Board chose to accelerate renovations to several dry retention areas (DRAs) and exceeded the budget by approximately \$37,000. Mr. Adams stated that the line item will remain the same for the new fiscal year, as there may be unexpected costs.

With regard to “Other Financing Sources/(Uses)”, Mr. Adams noted that the “Loan proceeds” continue to remain in the budget, as the expense is budgeted in “Capital Outlay”, under “Operations and Maintenance”; the loan proceeds are anticipated to offset those costs.

Mr. Adams noted an increase of \$30,000 in the fund balance. He explained that, because the District overspent by \$37,000, in “Retention pond mowing/weed control/irr.”, “Unassigned” or “Uncommitted” fund balance will be utilized. Mr. Adams conveyed that funds of \$144,000 have been committed to “Effluent project loan payments”, as a result of collecting \$72,000 for two years. He anticipated that the District will collect \$72,000 for one additional year, which will result in a smaller loan amount. The District may have \$200,000 “in hand” for the effluent project and reiterated that a smaller loan will be obtained; therefore, the cost of borrowing will also be less. Mr. Adams pointed out that the “Unassigned Fund balance - ending (projected)” is \$23,542, for Fiscal Year 2015. He advised that the District will draw upon those funds to cover expenditures from October through December. Mr. Adams stated that \$30,000 will be reallocated to the “Unassigned Fund balance - ending (projected)”, resulting in a balance of approximately \$53,000, at the end of Fiscal Year 2015, if the District remains within budget.

Mr. Adams advised that assessments will be increased by approximately \$27 per unit. On Page 8, he noted that the assessment increase is an operational expense; the debt service fund remains stagnant. Mr. Adams explained that the acceleration of the DRA renovations is the main reason for the assessment increase. He noted that the District was not in a position to phase the renovations over a two or three-year period and “pay as you went”, at the \$20,000 budget number. Mr. Adams stressed that the work needed to be accelerated, this year and, as a result, assessments will increase.

Mr. Adams indicated that the budget for “Dry retention pond refurbishment/planting” can be reduced by \$10,000, next fiscal year, resulting in an increase to the fund balance of \$20,000, instead of \$30,000. Another option is to replenish the fund balance at a slower pace of \$10,000 per year.

Mr. Adams stressed that the District must be disciplined, going forward.

Mr. Adams noted that the beautification project was well received. The Board chose the focal points appropriately and “colors” were added to the community. He conveyed that it is time to “pull back on the reigns”, in terms of those programs, and rebuild the fund balance to avoid overburdening residents with larger assessment increases.

Mr. Nelson stated there is very little “wiggle room”. Mr. Russell stated that the assessment increase should be extended to Rolling Green residents. Mr. Adams clarified that Rolling Green residents do not partake in the effluent water program. Mr. Russell noted that it is Pine Ridge Village and not Rolling Green. Mr. Adams advised that the correction was made in the working file. Mr. Adams explained that Pine Ridge Village is already connected to the county’s effluent water system; therefore, that assessment increase will not be imposed on them.

On MOTION by Mr. Nelson and seconded by Mr. Herr, with all in favor, Resolution 2014-3, Approving the District’s Proposed Budgets for Fiscal Year 2014/2015, as amended, and Setting a Public Hearing Thereon Pursuant to Florida Law, for September 9, 2014 at 2:00 p.m., at this location, was adopted.

Mr. Adams reiterated that the next meeting and public hearing will be held on September 9, 2014 and noted that a meeting can be held prior to that date, if deemed necessary. Mr. Russell recalled that, in prior years, a meeting was held in August to discuss the budget, prior to the public hearing. Mr. Adams confirmed that an additional meeting will be scheduled, if Board feedback is received during the next 30 days.

Mr. Adams indicated that a required mailed notice will be transmitted to residents, advising of the assessment increase. The Truth in Millage (TRIM) process will be utilized, if time permits.

Mr. Russell reported that Ms. Pamela Wright, of Pasco County Utilities (PCU), previously advised that the executed agreement was received from Southwest Florida Water Management District (SWFWMD). The agreement will be transmitted to the Board of County Commissioners in the next few days.

Mr. Heath noted that the county has two meetings per month and the District's agreement should be on the next meeting agenda, in two weeks. A meeting was held today and the agreement was not on that agenda.

Regarding the schedule, Mr. Heath indicated that he anticipates two months for design.

SEVENTH ORDER OF BUSINESS

Presentation: Long Range Planning Committee

Mr. Bart Kutchoff, advised that he is on the Renaissance Board of Directors Long Range Planning Committee. He stated that he previously asked the office to provide copies of the responses from the attorney to the Board. Mr. Adams noted that it was not received.

Mr. Kutchoff asked if he can make copies and return to the meeting. Mr. Adams replied affirmatively and advised that the discussion will continue when Mr. Kutchoff returns.

EIGHTH ORDER OF BUSINESS

Approval of April 8, 2014 Regular Meeting Minutes

Mr. Russell presented the April 8, 2014 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Elliott and seconded by Mr. Nelson, with all in favor, the April 8, 2014 Regular Meeting Minutes, as presented, were approved.

NINTH ORDER OF BUSINESS

Other Business

Mr. Elliott reported that the plantings in DRAs 24B and 20B were completed and noted that additional weed killings will be performed in 24B. He advised that DRA 28 was completed this week. Mr. Elliott confirmed that that irrigation is turned on once per day, for one hour, in each of the three zones. Mr. Elliott noted that additional irrigation is necessary in several DRAs; otherwise, there will be additional erosion problems.

Mr. Elliott indicated that Mr. Russell asked Gary to refurbish DRA and WRA 47.

Mr. Elliott conveyed that the swamp running from the 18th tee, to the west side, will be cleaned, in a manner that will allow room for the equipment to enter. He confirmed that a low level of growth will be maintained, instead of allowing the vegetation to overgrow.

Mr. Elliott stated that the work to DRA 28 will be completed, subsequent to the removal of the gopher tortoise and funding is available; DRA 25 will follow.

With regard to irrigation, Mr. Russell stressed that cooperation from Mr. Land and ValleyCrest is necessary. Mr. Russell reported that Mr. Land sold a surplus mower for \$1,500 and the money will be applied to the invoice for the work performed on DRA 40.

Mr. Doolittle referred to Mr. Elliott's prior comment and asked about the height that the vegetation will be maintained. Mr. Elliott indicated that the slopes are maintained at 4" and presumed that the area adjacent to the white tee will be maintained at the same height. Mr. Russell asked Mr. Heath for his opinion.

Mr. Heath indicated that the landscapers are allowed to take the vegetation down and mow it; native plants cannot be removed. With regard to the 18th tee, he pointed out that there are two wetlands and a DRA was created around them. The wetlands cannot be mowed but the gap between them can be maintained. Mr. Heath recalled discussion, at the prior meeting, regarding the boundaries that the District is able to maintain with the standard mowers. In response to Mr. Doolittle's question, Mr. Heath explained that the area will be maintained, up to the wetland. The wetland is maintained separately.

▪ **Presentation: Long Range Planning Committee**

****Discussion of this item resumed.****

Mr. Kutchoff provided handouts to the Board. He noted that the Long Range Planning Committee has questions regarding the newly acquired property, specifically, whether the public will have access to the property, if it is leased by the Heritage Pines Community Association (HPCA).

Mr. Adams explained that public access cannot be denied while public financing is in place; however, the HPCA can privatize the property if they lease it subsequent to the financing being paid off.

Mr. Kutchoff asked if the HPCA can obtain the property through a quit-claim deed, after the property is paid for. Mr. Adams replied that the property is a public asset with a value attached to it. The property can only be sold via a surplus sale, if it is determined that the asset is

no longer useful for the purpose for which it was purchased. Mr. Adams noted that an appraisal must be performed, prior to the sale.

Mr. Kutchoff asked if any developments to the property will be considered “leased for improvement” and it remains the property of the District. Mr. Adams explained that the property will be owned by the District and any improvements will be leased to a private corporation, the HPCA, and, at that point, the HPCA will have the “rights to further scrutinize public access to the property and, certainly, any development and improvements made to the property using private funds from the association do not involve having public access”. Public access is a result of the District utilizing tax-exempt funds.

Mr. Kutchoff read the following question and answer from the handout:

“Mr. Ely asked if the property is subject to outside use if it is not leased to the HPCA. Mr. Adams stated, that is determined by the way the acquisition and improvements are financed. The IRS code dictates that, with tax-exempt financing, general public access is required. Mr. Adams further advised that, if the association leases the property, any improvements paid for with private funds collected by the association would not be subject to public access; however, the ability to access the property around it would remain.”

Mr. Adams was under that opinion, at the time, and noted that he recently conferred with two attorneys and they agree that leasing the property to a private entity does not necessarily subject that property to general public access, once the financing has been termed out. Mr. Adams clarified that the financing must be termed out before the property can be leased and advised that the District will make the last payment in February, 2017.

Mr. Kutchoff referred to Mr. Adams’ prior statement that the HPCA cannot assume the loan. Mr. Adams indicated that the District is open to contributions “with a specific purpose and use”; it can be used to expedite the payoff. In response to Mr. Kutchoff’s question, Mr. Adams confirmed that the parcel will always remain property of the District, by title.

Mr. Kutchoff recalled that there was a court case, several years, where a corporation, Silverthorn, acquired a ten-acre parcel within the boundaries of Chavel Country Club (Chavel). Chavel assumed that they were not required to provide access; however, the court overturned a prior decision and ordered Chavel to provide access and install roadways. Mr. Kutchoff questioned whether the District can be forced to provide public access.

Mr. Adams clarified that this is a different application. In the District's case, the front road entrance and some of the underground utilities were paid for with bond proceeds; therefore, the road is public into perpetuity. Mr. Kutchoff asked how the property will be accessed, as it seems that construction of the road was not completed.

Mr. Adams noted that the parcel comes up to the right-of-way and clarified that the right-of-way was previously owned by the District and conveyed to the county. As a result, the public right-of-way immediately abuts what is, currently, a publicly owned parcel.

Mr. Kutchoff asked if the HPCA will be held liable for anything that occurs on District property or only on the portion that was leased. Mr. Adams explained that the HPCA will only be liable for the portion that was leased and will be under a hold harmless indemnification. Mr. Kutchoff asked if the HPCA and the District will both be held liable. Mr. Adams replied affirmatively, as anyone suing will go after "anybody and everybody that is attached to the property".

Mr. Adams conveyed that a long-term lease should be considered, if the HPCA is contemplating improvements. In response to Mr. Kutchoff's question, Mr. Adams suggested a 20-year initial term, with automatic five-year renewals and terminable by either party.

Mr. Kutchoff asked if the public can dispute the HPCA's lease agreement. Mr. Adams explained that there is no bidding and noted that the HPCA and District serve the same group of people. Mr. Adams noted that the District can lease the property to a public entity; however, that is not what the District is set up to do. In this particular case it, it will be for the benefit of the community, as the HPCA has the same vested interest.

Mr. Kutchoff read the following statement from the July, 2012, meeting minutes:

"Mr. Jim McNamara, a resident, asked why the CDD is purchasing property. Mr. Herr noted the difficulty with selling property for a reasonable price along Heritage Point Road because of the fire station and the open area. He advised that the CDD's objective is to handle not only the lighting and drainage but to do whatever is appropriate to improve the community. It was felt that purchasing the property for a nature park or allowing it to be developed by the HOA, if they desire, would round out the community and protect it from the building of retail establishments in the front..."

Mr. Kutchoff asked whether the statements made today, regarding leasing the property, conflict with the original intent of the property, per Mr. Herr's statement.

Mr. Adams clarified that the District’s intent was to purchase the property and keep it as an open space and nature park. He noted that the District was required to have a clear intent that the purchase was in the public’s best interest. Mr. Adams acknowledged that the property was on the market for commercial use, whatever that might have been; however, the District did not purchase to block a commercial sale. The intent was to purchase the parcel as an additional asset for the community.

Ms. Sarah Brundage, a resident, asked what will occur if the HPCA leases the entire property and builds a dog park, exercise facility, “or whatever”. She questioned whether the District will be required to grant public access to any of the facilities. Mr. Adams replied no. Mr. Adams clarified that he was previously under the assumption that public access was required because the parcel was purchased with tax-exempt financing; however, a lease will trump the public access requirement. Mr. Adams presumed that the HPCA will implement perimeter fencing and a credential access program, via key fobs or access cards. He reiterated that nothing can occur until the financing, at \$75,000 per year, is completed in February, 2017.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Adams indicated that he was recently advised that Mr. Mark Basurto is no longer with Bush Ross, P.A. He noted that Mr. Anderson and Ms. Dillon continue to be available and will attend a meeting at the Board’s request.

B. Engineer

Mr. Heath reported that he met with Village 12, Pine Meadow, representatives regarding their emergency connection to the effluent water system. He met with the contractor, subsequent to the meeting, and was advised that they are up and running; therefore, the emergency connection is no longer an issue.

Mr. Herr presumed that the District will receive additional requests for emergency connections, due to the delays in the project. He advised that he and Mr. Adams discussed an additional clause in the contract, adjusting the District’s costs for emergency connections due to the delays in the project.

Mr. Heath noted that SWFWMD and the county were aware that there might be the potential for emergency connections due to delays; therefore, he does not feel that they will have issues in approving emergency connections, as they were already part of the initial project. Mr.

Herr noted that the District would expend 25%, versus 100%. Mr. Heath advised that the discussion should be held with the county.

C. Manager

i. Approval of Unaudited Financial Statements as of April 30, 2014

Mr. Adams presented the Unaudited Financial Statements as of April 30, 2014 and highlighted that the “Interest and miscellaneous” revenue, on Page 2, was well over budget. He noted that the “Revenue” was related to the sale of the surplus equipment. “Expenses” were on budget, as of April 30, 2014.

ii. 1,899 Registered Voters in District as of April 15, 2014

Mr. Adams advised that there were 1,899 registered voters residing within the boundaries of the District as of April 15, 2014.

iii. NEXT MEETING: September 9, 2014 at 2:00 P.M.

Mr. Adams advised that the next meeting and budget public hearing will be held on September 9, 2014 at 2:00 p.m., at this location.

ELEVENTH ORDER OF BUSINESS

Supervisors’ Requests

Mr. Herr clarified that the 1,899 registered voters should not be translated as the District’s total resident population. Mr. Adams noted that the total may be close to 2,800, if two people reside in each of the 1,400 units.

Mr. Nelson was pleased to report that EDRA 40 “looks great”. Mr. Herr thanked Mr. Elliot and Mr. Russell for supervising the on-site planting.

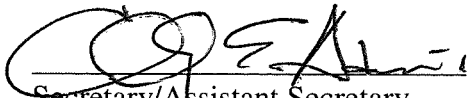
TWELFTH ORDER OF BUSINESS

Adjournment


There being nothing further to discuss, the meeting adjourned.

**On MOTION by Mr. Nelson and seconded by Mr. Russell,
with all in favor, the meeting adjourned at 3:03 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair